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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

THIS LEASE AGREEMENT is made this 3 day of TULY . 2008, by and between
Rigoberto Dura n amarried person not joined herein by spouse
whose addresss is 3528 AVENUEL FOXT WORTH TX 76105 as Lessor, and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Sulte 1970 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. 1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:
OUT OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS, ACCORDS OF TARRANT COUNTY, TEXAS. OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.
in the County of Tarrant, State of TEXAS, containing gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oit and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcets of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royallles hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of
3. Royalities on oil, gas and other substances produced and saved hereugher shall be paid by Lesses to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be the production at Lessee's separator facilities, the royalty shall be will have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field (or if there is no such price then prevailing price) for production of similar grade and gravily; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be severance) or other exclae taxes and the costs incurred by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance) or other exclae taxes and the costs incurred by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production of the production of the production of the production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one wells on the leased premises or lands pooled therewith are capable of either production flere from is not being sold by Lessee, such well or wells are abut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production in the depository designated below, on or before the end of sald 90-day period and therewith, no shut-in royalty shall be due until the end of sald 90-day period next following cessaltion of such operations or production. Lessee's failure to properly pay shut-in roya
4. All shut-in royally payments under this lease shall be paid or lendered to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or lenders may be made in currency, or by check or by chack or by chack payments or tenders to Lesser or to like depository by deposit in the US Malls in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fall or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments. 5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hote or within 90 days after such cessation of all production in leased premises or lands production in the leased premises or lands production of all production of or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, the leased premises as to formations then capable of producing in paying quantities hereunder in the leased premises as to formations then capable of producing in paying quantiti
additional wells except as expressly provided herein. 8. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other tands or interests. The unit formed by such pooling for an oil well which is not a thorizontal completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or a pass well or a particular completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or a gas well or a particular completion shall not exceed 840 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or agas well or horizontal completion to any well spacing or density pattern that may be prescribed by applicable law or the appropriate governmental authority, or, if no definition is as preactibed, foll well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and the term "horizontal completion" means an oil well in which the horizontal component of the

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the

rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee). until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter striping with respect to the transferred interest and failure of the transferred interest shall be relieved of the transferred interest shall be reflect the transferred interest and failure of the transferred interest shall be reflect the transferred interest shall be reflect the transferred interest and failure of the transferred interest shall be reflect the transferred interest and failure at the tran arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of arising with respect to the dailstered interest, and failure of the transferse to satisfy such obligations with respect to the dailstered interest, and failure of the transferse to satisfy such obligations to the season of the area covered by this lease, the obligation to pay or tender shut-in royalities hereunder shall be divided between Lessee and the transferse in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released.

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks wells, disposal wells, including but not limited and blanks wells, and the construction and use of roads, canals, pipelines, tanks wells, disposal wells, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks wells, disposal wells, including the construction and use of roads. reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary play death on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority

having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or esements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from

Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee.

written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

18 Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

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17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original. irket

may vary depending on multiple factors and that this Lease is the pro- are final and that Lessor entered into this lease without duress or und conditions. Lessor acknowledges that no representations or assurance	duct of good faith lue influence. Les ces were made in to this lease will s	ments, in the form of rental, bonus and royalty, are market sensitive and negotiations. Lessor understands that these lease payments and term sor recognizes that lease values could go up or down depending on ma the negotiation of this lease that Lessor would get the highest price or each to alter the terms of this transaction based upon any differing terms
IN WITNESS WHEREOF, this lease is executed to be effective as of the heirs, devisees, executors, administrators, successors and assigns, whether	date first written a er or not this lease	above, but upon execution shall be binding on the signatory and the signate has been executed by all parties hereinabove named as Lessor.
LESSOR (WHETHER ONE OR MORE)		
Rinoberto Duran	_	
By: (Kigoberto 12) row		By:
STATE OF MXUS COUNTY OF Tarrant This instrument was acknowledged before me on the by: Y GODE TO DUVAN	ACKNOWLEDG	WENTMP Walt July 2008, Why Day Pack of
MARIA MUNOZ PADILLA Notary Public, State of Texas My Commission Expires October 05, 2011 STATE OF		Notary Public, State of <u>Fexo</u> S Notary s'name (printed): Notary's commission expires:
COUNTY OF		. 2008.
This instrument was acknowledged before me on theby:	day of	, 2006,
		Notes Dublic State of



DALE RESOURCES 3000 ALTA MESA BLVD STE 300

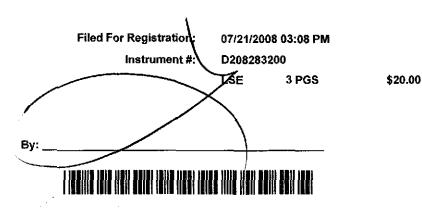
FT WORTH

TX 76133

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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